
STATE OF INDIANA

DISTRESSED UNIT APPEAL BOARD



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Distressed Unit Appeal Board Meeting Memorandum

August 3, 2018

Call to Order: A meeting of the Distressed Unit Appeals Board (DUAB or Board) was held on August 3, 2018, at 9:00 a.m. EDT at the Indiana Government Center South Building, Teleconference Media Room, Indianapolis, Indiana. Members of the Board attending the meeting in-person include Micah Vincent, Wes Bennett, Paul Joyce, and Representative Vernon Smith. Rebecca Kubacki and Senator Eric Bassler attended by phone. Courtney Schaafsma, Executive Director, was also in attendance.

Chairman Vincent called the meeting to order and recognized compliance with the Open Door Law. Chairman Vincent presented the minutes for the June 27, 2018 meeting. Ms. Kubacki moved to approve the minutes, and Mr. Joyce seconded. The Board voted 4-0 to approve the minutes.

Ms. Schaafsma presented the Executive Director's Report. For Gary Community School Corporation ("GCSC"), Ms. Schaafsma highlighted that the emergency manager held its first public forum on July 10. The fiscal management board also recently met. For Muncie Community Schools ("MCS"), Ms. Schaafsma indicated that the new school board was appointed by Ball State University on June 25, with the new school board taking effective on July 1. The school board held their first meeting on July 16. In addition, Ms. Schaafsma provided an update on the School Corporation Fiscal and Qualitative Indicators Committee ("Committee"). Chairman Vincent asked what DUAB's role would be in finalizing the indicators. Ms. Schaafsma indicated that she planned to bring the Committee's proposed indicators to DUAB for consideration.

Representative Vernon Smith asked about the marketing efforts being done by GCSC. Ms. Nakia Douglas and Ms. Amy Marsh, members of the GCSC emergency management team, addressed his question. Ms. Douglas explained that GCSC had been making updates to its website, making public service announcements, reaching out to local organizations and religious institutions, and other actions to encourage enrollment in the schools. Representative Vernon Smith expressed concern that the marketing efforts were occurring too close to the start of the school year, as comparison to the efforts being done by local charter schools. He also indicated that he had received feedback that parents had indicated that enrollment was difficult due to school buildings being closed during the summer months.

Representative Vernon Smith asked about the anticipated enrollment changes due to the school building changes for this coming school year. Ms. Douglas indicated that certain buildings had seen increases in enrollment. For West Side Leadership Academy, she indicated that people are continuing to enroll at that school so it is difficult to calculate the enrollment change at this time. Representative Vernon Smith asked to see some data on the transition of Wirt-Emerson to West Side and the transition of Banneker to Marquette. Ms. Schaafsma indicated that the enrollment data would continue to change for several weeks and as that data stabilized, the data would be made available for review.

Chairman Vincent introduced the next agenda item – consideration of a contract for drop-out recovery services for GCSC. Ms. Schaafsma explained that the contract was for a proposed program with The Crossings, an entity out of Elkhart County, Indiana, that operates similar programs in 30-plus school corporations throughout Indiana. She explained that the program offers both academic classes and job training for enrolled students. Ms. Douglas explained that the program is a faith-based program with the target population being students who had already dropped out or who were at risk of dropping out. The program would provide a personalized approach for assisting these students. Ms. Marsh explained that the job training revolved around a micro-business, including all aspects of running a business and developing a product. She also explained that developing relationships with the students is an important aspect of the program. Ms. Marsh also explained that students have the ability to opt-out of the faith-based conversations of the program if desired.

Chairman Vincent asked about the financial terms of the contract. Ms. Schaafsma explained that 95% of the tuition support for students enrolled in the program would go to The Crossings, with the other 5% going to GCSC. Ms. Kubacki asked about the graduation rate of The Crossings program. Ms. Marsh indicated she would have to request that data. Representative Vernon Smith asked about drop-out prevention services and how The Crossings gains students. Ms. Marsh indicated that GCSC would look to identify prior students who had dropped out and get their permission to share their contact information with The Crossings. She also indicated that GCSC would provide information on The Crossings to students who are newly dropping out. Ms. Marsh also explained that GCSC would continue to offer drop-out prevention services that are currently being used in GCSC. Representative Vernon Smith asked how The Crossings would compete with Middle Passages, an existing program. Chairman Vincent asked for additional clarification on the offerings of Middle Passages and the financing arrangement for the program. Representative Vernon Smith answered that Middle Passages received 100% of tuition support for enrolled students.

Mr. Joyce asked about the financial aspects of the arrangement, including Average Daily Membership and federal funding accountability. Ms. Marsh explained that GCSC would still provide special education services to students enrolled in The Crossings, which may include transportation for special education students under an Individualized Education Plan. Mr. Joyce asked if the Department of Education (“DOE”) approved of this arrangement. Ms. Schaafsma explained that she had been working with DOE on this contract and that DOE was familiar with the arrangement of this program. Mr. Joyce asked about the accountability requirements for the program. Ms. Marsh indicated that academic accountability would be included in GCSC’s statistics. Mr. Joyce then asked if The Crossings would provide any financial reports to GCSC on the program. He asked that the contract include language that requires The Crossings to provide the results of a financial audit to GCSC.

Representative Vernon Smith asked for the maximum enrollment contemplated for the program. Ms. Douglas indicated that the program is designed to stay fairly small. Representative Vernon Smith asked how the monitoring of the academic performance and testing results would occur. Ms. Douglas indicated that it was GCSC’s plan to work with The Crossings to review such data. Representative Vernon Smith then asked about the ability of The Crossings to discipline or expel students. Ms. Marsh indicated that it may be possible to update the contract language to provide that GCSC has a role in such decisions. Representative Vernon Smith then asked about the language in the contract pertaining to the GCSC School Board. Mr. Marsh indicated that she had already requested that such changes be made to the contract prior to signature.

Ms. Schaafsma summarized the discussion and the requested modifications. These included removal of the references to school board and superintendent in the contract, inclusion of a requirement that a financial audit be conducted of the program and results shared with GCSC, defining a role for GCSC to consult on disciplinary actions, and require that testing results are shared with GCSC and GCSC can provide feedback on academic performance.

Representative Vernon Smith asked about termination provisions in the contract. Ms. Schaafsma explained that the one-year term of the contract and the need to provide the students with a consistent educational program were reasons why the termination provision was not included in the contract. Mr. Bennett also expressed the importance of short-term continuity for the students.

Chairman Vincent asked if DUAB could approve the contract contingent of executive director review of the requested modifications as outlined above. Board Counsel Dan Shackle indicated that this would be acceptable. Mr. Joyce made a motion that DUAB approve the contract with the requested modifications and the executive director's review of such changes. Mr. Bennett seconded. The Board voted 4-0 to approve the motion.

Chairman Vincent then introduced the next agenda item – consideration of a contract for a blended learning program for GCSC. Ms. Schaafsma explained that the contract with K12.com would provide a GCSC program that would require students to be on-site 2 days a week with the other 3 days a week being completed via on-line instruction. The contract includes various performance goals that the program must meet. These goals include testing results, engagement, attendance and credit earning for high school students. The contract is a two-year term with 2 optional renewal years. It also includes various termination provisions, including a provision tied to meeting the performance targets. Ms. Douglas explained GCSC's commitment to monitoring the performance of the program and that GCSC felt the program provided a new opportunity for current and potential GCSC students. Representative Vernon Smith asked how these students were receiving instruction at this time. Ms. Douglas explained that approximately 200 students in Lake County were receiving full on-line instruction but that the blended option would be a new opportunity. Representative Vernon Smith asked how transportation would be provided. Ms. Marsh explained that transportation would be provided for students in the GCSC district but students from outside the district would be responsible for their own transportation. Representative Vernon Smith then asked about the cost of the program. Ms. Douglas explained that the cost is a \$7,000 per student fee, with GCSC retaining tuition support above this amount. After expenses for operations, GCSC would receive approximately \$1,600 per student or an anticipated total amount of \$320,000. Representative Vernon Smith then asked about the performance results of K12 in prior situations. Ms. Douglas explained that performance has been a concern in fully online programs. She also indicated that K12 had recently reconfigured its curriculum to align with Indiana standards and that GCSC would monitor performance through the targets outlined in the contract. The blended model would provide for better oversight over the program.

Chairman Vincent explained that he appreciated Representative Vernon Smith's questions and was comfortable that the contract had appropriate safeguards in place to allow GCSC to react if performance was not as anticipated. Representative Vernon Smith expressed his concern that the program be monitored over time to ensure on-going performance. Ms. Marsh explained that students could be required to attend on-site classes more than 2 days a week if additional in-person instruction time is needed. Representative Vernon Smith asked about parental engagement requirements. Ms. Marsh explained that this would be included in the performance goals. Ms. Schaafsma added that the contract

also requires program orientations including parents. Representative Vernon Smith then asked about supplemental services for GCSC students and if those could be provided under this contract. Ms. Douglas explained that such services are already being provided at GCSC.

Chairman Vincent then pointed to the payment language on performance incentives included in the contract. He noted that both the assessment tool and the state testing results need to be considered together in determining when payment is made. Mr. Joyce asked about the payment process to K12 and asked if GCSC would maintain the funding if K12 were not able to provide its services. Ms. Schaafsma explained that the funding for the program will run through GCSC, with payment to K12 being simply a vendor payment. Ten percent of the annual fee would be retained at GCSC until performance targets had been met. Representative Vernon Smith questioned the percentages included in the performance targets and whether they were aggressive enough. Chairman Vincent noted that the percentages were designed to consider the students that may enroll in the program.

Mr. Joyce made a motion that DUAB approve the contract. Mr. Bennett seconded. The Board voted 4-0 to approve the motion.

New business: Representative Vernon Smith expressed concern about an on-going auction for GCSC and the potential sale of the bust of William Wirt. He then asked about concerns noted in the facility master plan on certain school buildings for GCSC. Representative Vernon Smith then also expressed that a number of people are concerned about the delay in payments to employees who were downsized this past summer.

Adjournment: Chairman Vincent adjourned the meeting at 10:30 a.m.